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C O N F I D E N T I A L SECTION 01 OF 04 COLOMBO 000090

SIPDIS

DEPARTMENT FOR SA, SA/INS, INR/NESA; NSC FOR E. MILLARD

LONDON FOR POL/RIEDEL

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TAGS: [PGOV](#) [PTER](#) [PINR](#) [PHUM](#) [CE](#) [IN](#) [LTTE](#)

SUBJECT: Key GSL minister reviews status of peace process, including security zone issue and Indian role

Refs: Colombo 75, and previous

(U) Classified by Lewis Amsalem, Deputy Chief of Mission. Reasons 1.5 (b,d).

**¶1.** (C) SUMMARY: In a January 13 meeting with the Ambassador, Milinda Moragoda, a key GSL minister, reviewed the status of the peace process. At the recent talks, he said, the LTTE had pressed hard on the Jaffna security zone issue. An agreement was not reached, but the two sides agreed to keep working on the matter. For the first time, the two sides discussed timelines, with the GSL indicating it wanted a final settlement much sooner than the LTTE. Moragoda, who had just returned from New Delhi, also expressed concern over what he considered GoI divisions over how to handle Sri Lankan policy. Based on Moragoda's comments, much of the low hanging fruit has been picked and he expects the peace process to become increasingly difficult. END SUMMARY.

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A Pensive Moragoda  
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**¶2.** (U) The Ambassador and DCM met January 13 with Milinda Moragoda, the Sri Lankan Minister of Economic Reform and a key player on peace process issues. Moragoda had just returned to Colombo from India (see Para 10) and before that Thailand where he had participated in the fourth round of GSL talks with the Liberation Tigers of Tamil Eelam (LTTE) (see Reftels). Before Bangkok, Moragoda had also been in Japan for several days.

**¶3.** (C) Moragoda was pensive. He also seemed very tired and -- in a rarity for someone who usually has his act together -- a bit disorganized. Our guess is that the heavy travel schedule had worn Moragoda down, but the weight of all the issues he was dealing with also appeared a factor. (Note: Moragoda has his hand in virtually everything the government does, political, military or economic.) Discussing how busy he was, Moragoda commented that Prime Minister Wickremesinghe was planning a cabinet reshuffle soon and his (Moragoda's) portfolios might be slimmed down. If that happened, Moragoda noted, he would be very happy. (Note: We have no further information about any cabinet reshuffle. In past conversations, Moragoda has discussed possibly giving up his economic-related responsibilities, so that he can concentrate on the peace process.)

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The Fourth Round  
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**¶4.** (C) Providing a brief readout of the recently concluded talks, Moragoda indicated that they had gone relatively well. The big issue had been how to handle the Sri Lankan military's "high security zones" in Jaffna. The LTTE had pressed very hard for a reduction in the size of the security zones. For its part, the GSL had stressed that it could not agree to do this without a symmetrical and verifiable Tiger commitment to disarmament of cadre that might enter military-vacated areas. (Note: The Tigers have refused to discuss disarmament at this time.) Given the disagreement over the security zone issue, the two sides had ultimately decided to focus on resettling displaced persons (IDPs) who had points of origin from outside the area of the camps. (Note: The government estimates that about 300,000 IDPs are from Jaffna areas located outside of the camps and 40,000 are from inside areas that are now taken up by the camps. The LTTE disputes these figures.)

**¶5.** (C) In the meantime, Moragoda noted, the two sides had also agreed to continue discussing the security zones. At this time, both sides were waiting for a report being prepared by Satish Nambiar, a retired Indian general, on the issue. (Note: Moragoda said

Nambiar had been asked to prepare the report by the GSL. Nambiar, he added, was being paid by the Indian government, with some expenses reimbursed by the Sri Lankan government.) The government was getting indications that Nambiar's report would "split the difference," i.e., providing for some relocations and reductions in the security zone network, but not outright withdrawal.

16. (C) Looking at how the security zone issue was handled, Moragoda concluded that the government had probably made a mistake in releasing the military's proposal on the security zone issue publicly before it was provided to the LTTE. (Note: The military's report, which was prepared by Jaffna Army commander Major General Fonseka, was publicized in late December -- see Reftels) The report had clearly angered the Tigers, who found it inflexible. They also objected to its use of terms like "terrorist" when referring to the LTTE. The use of such terms had led the Tigers to accuse the GSL of not exercising control over the military. Moragoda commented that the report was the "proximate cause" of the Tiger decision to withdraw from the "Sub-Committee on De-Escalation and Normalization." (Note: The LTTE announced earlier this month that it would no longer participate in this sub-committee, preferring to discuss security issues in the political-level talks. The decision was a setback for the peace process.)

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Timeline of a Possible Settlement

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17. (C) On the margins of the talks, Moragoda related that he had had an interesting colloquy with LTTE senior negotiator Anton Balasingham on timelines for a possible final settlement of the conflict. This was the first time the two sides had discussed this issue, he confided. Moragoda said he told Balasingham that the government wanted to wrap things up as quickly as possible, preferably within the next 6-8 months. Balasingham replied that the LTTE had a much longer timeline in mind, stretching two-and-a-half years. The LTTE negotiator indicated that this timeline was predicated on a point where President Kumaratunga was out of office or on her way out. (Note: Kumaratunga's term ends in early 2006, with the next presidential election slated to take place in December 2005.) The LTTE, Balasingham indicated, did not trust her and did not want a final settlement agreed to when Kumaratunga still was in any position to undermine it.

18. (C) In explaining the different timelines, Moragoda went on to add that the Tigers appeared quite satisfied with the on-the-ground pace of the peace process. The government, however, felt the need to show political gains in ending the war, in addition to moving forward with improvements in the on-the-ground situation.

19. (C) Queried about Balasingham's health, Moragoda replied that he did not look good. Moragoda said he (Moragoda) was really worried about the future of the peace process if something happened to Balasingham. It was not clear whether the LTTE had anyone available who could take his place. (Note: Balasingham has had a long-standing kidney condition, which requires constant medical attention. Concerns about his health have reportedly led to the postponement of Balasingham's planned trip to LTTE-controlled northern Sri Lanka, which was slated to begin after the conclusion of the recent talks.)

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Visit to New Delhi

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10. (C) Shifting gears, Moragoda provided a brief readout on his recent visit to India. In New Delhi, he said he had briefed GoI officials, including External Affairs Minister Sinha and National Security Advisor Mishra, on the outcome of the talks. Moragoda felt that his meetings had gone well and that India was on board with the peace process. That said, Moragoda expressed concerns over what he saw as a disconnect in the GoI over how to handle policy toward Sri Lanka. According to Moragoda, the MEA seemed to favor a "go slow" approach, not wanting the GoI to take too prominent a role as regards Sri Lanka. Mishra, however, seemed to want India to assume a more energetic posture. Moragoda said he was not sure how the apparent difference in emphasis would shake out, but it potentially could prove problematic for Sri Lanka down the road. Per Reftels, Moragoda added that GoI officials continued to express concerns about Japan's heightened interest in Sri Lanka. The recent visit of Foreign Minister Kawaguchi to New

Delhi had not allayed Indian concerns about the GoJ's higher profile, he said.

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Other Issues  
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¶11. (C) The meeting also touched on the following issues:

-- Cohabitation: Regarding the always-testy relationship between the government and the president, Moragoda said he was scheduled to brief Kumaratunga on peace process issues fortnightly. He felt that Kumaratunga's attitude toward the peace process was highly ambiguous: she did not want to be seen as opposing the process, but she also wanted to keep the government off-balance, so as to gain political advantage.

-- Muslim Meltdown: Moragoda could not conceal his low opinion of Rauf Hakeem, the Sri Lanka Muslim Congress (SLMC) leader. Hakeem was a poor politician who had alienated virtually everyone, including the Prime Minister. In fact, Moragoda said he could now count at least four separate SLMC factions. Hakeem had made a hash out of his participation in the fourth round of talks, earning a stern lecture from Balasingham, who warned him to stop interjecting so-called "Muslim issues" into the talks. (Note: Hakeem was re-elected leader of the SLMC shortly after his return from the Thailand talks. Only pro-Hakeem SLMC delegates were allowed to attend the party meeting where the election was held.)

-- Donor Conference: The international donor conference hosted by Japan would take place June 15-16.

-- UN Voting: He reacted in a positive manner to a request that the U.S. and the GSL work together to improve Sri Lanka's UN voting record. He said he would call Permrep Mahendran in New York on the issue and report back.

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COMMENT  
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¶12. (C) Based on Moragoda's comments, much of the low hanging fruit has been picked and he clearly expects the peace process to become increasingly difficult. In our estimation, he could well be right. The way forward will probably be particularly rough for the GSL, which is at pains to show some sort of "peace dividend" to its constituents. The LTTE, of course, does not have similar worries given its authoritarian ways. In addition, per Moragoda's straightforward statement to Balasingham that the government wants to come to terms as soon as possible, the LTTE probably has a legitimate reason to feel that it has the upper hand at this point. Indeed, Moragoda seemed to indicate to us that the GSL was not going to go to the mat over the security zone issue. At the same time, handling the negotiations is a difficult calculus for the LTTE. If it really wants the process to work, the LTTE cannot afford to embarrass the government too much. That would only redound to the advantage of those who are skeptical about the peace process in the south. In light of these confusing ins and outs, it is no wonder that Moragoda seemed tired and out-of-sorts. That said, the GSL leadership is going to have to rise to the occasion in the coming months if it is going to see the process through. END COMMENT.

¶13. (U) Minimize considered.

WILLS